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BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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IN RE:

PETITION OF TENNESSEE-
AMERICAN WATER COMPANY TO
CHANGE AND INCREASE CERTAIN
RATES AND CHARGES ...

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T.R.A. DOCKET ROOM

DOCKET NO. 04-00288

CMA's FIRST SET OF DATA REQUESTS PROPOUNDED TO PETITIONER
TENNESSEE-AMERICAN WATER COMPANY

Comes now Chattanooga Manufacturers Association, intervenor, by and through its counsel, and propounds the following data requests on Petitioner:

The following Questions 1 through 15 refer to the direct testimony of Mr. Michael A. Miller:

1. At page 10 of Mr. Miller's testimony, he states that the Company has transferred to its utility plant a customer information system (ORCOM). He states that this customer information system was not included in the utility plant in the 2003 rate case. In respect to this ORCOM plant investment, please answer the following:
 - a. Please explain the function of the ORCOM and explain why the Company is not using American Service Company for this information system.
 - b. Please breakdown and itemize the \$550 million rate base increase as estimated by Mr. Miller, and breakdown and itemize the \$496,000 revenue requirement for this investment.
2. Referring again to page 10 of Mr. Miller's testimony, he states that the Company's operation and maintenance expense increased by approximately \$580,000 due to increased pension expense and production expense. Please provide a complete breakout of pension and production expense.
3. With respect to the claimed increase in pension expense, please provide the following:

- a. A copy of the actuarial study deriving the pension expense estimate.
 - b. Please estimate the Company's FAS 87 pension expense in the last year and subsequent five years as well as the minimum ERISA cash contributions made to pension expense in those same years.
 - c. Identify the economic parameters in the actuarial study including return on trust fund assets, discount rate, labor escalation rate, and number of employees. For each of these factors, please explain how the Company or its actuary determined the appropriate economic factors to use in the actuary study.
4. Concerning the Company's pension expense estimate, please answer the following:
 - a. Please estimate the impact on pension expense, if all the economic factors relied on the actuarial study are held constant except the discount rate increased by one percentage point.
 - b. What would be the impact on the pension expense if all the economic factors in the actuarial study are held constant, but the return on the assets is increased by 1%.
 - c. What would be the impact on the pension expense estimate if all the economic factors in the actuarial study are held constant, but the trust fund asset balance is increased by 10%?
5. Concerning the actuarial study underlying the Company's pension expense estimate, please state what the trust fund asset balance was for the test year and the subsequent five-year period. Also estimate what the trust fund balance will be for the five-year period following the test year.
6. Please provide a copy of all annual reports for Tennessee-American Water Company over the period 2000 through 2004.
7. Please identify what the Company's capital structure has been over the period 2000 through 2004, and provide all supporting workpapers.
8. Please describe the Company's process for senior management approval of all capital expenditure projects great than \$500,000.
9. Please identify all projected capital expenditures reflected in the test year, and for each project greater than \$500,000 please provide verification that it has met the Company's policy for management approval of large capital improvement projects. For each project that has not yet received

management approval, please estimate when management approval is likely to be granted.

10. Concerning the Company's projected increased fuel and power expense, please provide a detailed description of how the Company arrived at the increased expense reflected in its filing and all corroborating evidence supporting the calculations of the increased fuel and purchased power expense.
11. Concerning the Company's projected increase chemical expense reflected in its filing, please provide a detailed explanation supporting the Company's expected increase chemical expense and all workpapers and corroborating evidence supporting the Company's assumption in driving this expense projection.
12. Concerning the Company's projected increase miscellaneous expense, provide a detailed explanation of all the major components underlying this projected increased expense of documents corroborating the Company's projected for the increased expense.
13. Please provide a copy of all agreements between Tennessee-American Water Company and American Services Company concerning the provision of the following services:
 - a. Information systems;
 - b. Customer service expenses;
 - c. Engineering support services;
 - d. Treasury services;
 - e. Administrative services; and
 - f. All other services.
14. Please provide copies of documentation of all correspondence between Tennessee-American and American Water Capital Corporation concerning short-term and long-term financing. Such documentation should include a discussion of the following:
 - a. TAWC's pricing for all debt issued by AWCC on behalf of TAWC, what, if any, markup in the interest rate on the debt will be AWCC be permitted to retain?
 - b. A description of how AWCC is compensated for its services to TAWC's issuance of debt.

- c. Does AWCC have any function related to TAWC's ability to increase equity capital? If affirmative, please explain.
 - d. Identify all capital issued on behalf of TAWC by AWCC and state what the interest rate is on that capital, estimate the interest rate on said debt if TAWC issued it on its own. If no such analysis has been conducted, please so state.
- 15. On page 5 of Mr. Miller's testimony, he projects that the \$3.2 million 2005 bond issuance will be priced at an interest rate of 6.76%. Please provide all supporting analyses or evaluations used to estimate the cost of this bond issuance.
- 16. Concerning the Company's alleged and requested revenue requirement for its public fire protection system, please provide a detailed description of its cost of providing public fire protection service including capital investments, broken out by plant account, along with accumulated depreciation, and operating expenses broken out by production, transmission, distribution, customer-related. Finally, also provide a description of the normal annual volume of water used for public fire protection service.
- 17. Concerning the direct testimony of TAWC witness Dr. James Vander Weide, please provide the following:
 - a. A copy of all workpapers and electronic spreadsheet with formula intact.
 - b. A copy of all credit reports, equity analyst reports, Dr. Vander Weide's review concerning Tennessee-American Water Company, its parent company, or American Water Capital Corporation.
- 18. Concerning the direct testimony of Company witness Edward L. Spitznagel, please provide all of Mr. Spitznagel's workpapers on electronic spreadsheet with formula intact concerning his projection revenue for the test period.
- 19. Concerning the direct testimony of Company witness Monty L. Bishop, he states three primary increased capital expenditure projects related to: (1) fire protection upgrades, (2) normal reoccurring construction programs replacing aged mains, meters, services and equipment, and (3) starting phase two major tank projects that the Hill City system elevated storage tank and the East Ridge system elevated storage tank. Please briefly describe the need for the proposed capital expenditures and estimate the

impact on test year rate base and depreciation expense for all the capital expenditures identified by Mr. Bishop in this testimony.

20. Please provide copies of TAWC's responses to all other parties' data requests in this proceeding.
21. Please provide copies of all documents, including but not limited to correspondence, drafts and supporting workpapers, related to or regarding: any presentations or press packages concerning this case; all press releases and other items shown to, submitted to or provided to any individual, entity or news organization; and/or, used in conjunction with any such package or presentation concerning this case.
22. Please provide copies of all financial filings TAWC has made to the Tennessee Regulatory Agency over the last three years.

Respectfully submitted this 18th day of November, 2004.

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CERTIFICATE OF SERVICE

I hereby certify that I have on this 18th day of November, 2004, served the foregoing pleading of the Chattanooga Manufacturers Association either by fax, overnight delivery service or first-class mail, postage prepaid, to all parties of record at their addresses shown below:

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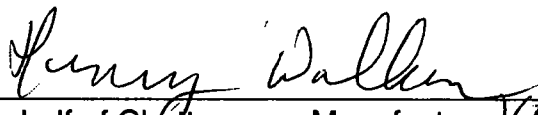
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